

**Guidelines
for
State Vehicle
Purchasing Program
(Vehicles)
Checklist for Purchase**
Revised January 26, 2016



**Office of Passenger Transportation
Financial Services Unit**

I. Purpose

Provide guidelines for public transit agencies purchasing public transit vehicles through the State of Michigan's Vehicle Purchasing Program (Extended Purchase).

II. Information

- A. These guidelines provide transit agencies with information for the procurement of public transit vehicles contracted by the State of Michigan at the same prices, terms and conditions as state agencies.
- B. Transit agencies will make vehicle purchases under State contracts for public use only. Vehicle purchases through this program for personal use or consumption by any individual, public employee, or official are prohibited. Transit agencies are prohibited from making purchases through State contracts and subsequently reselling the vehicles prior to the expiration of the vehicle's useful life to someone not eligible to participate in the program, including private companies.
- C. **Federal Contract Clauses:** All applicable federal contract clauses were included and signed by the vendors for all vehicle contracts. Transit agencies do not need to attach federal contract clauses to their purchase orders; however, agencies should include the signed contract clauses in their procurement files. All federal clauses can be found in the respective contracts on the State Vehicle Contracts and Procurement website.
- D. All vehicles delivered under contracts awarded by the State should be inspected immediately by the transit agency for compliance with State contract specifications. Transit agencies should not accept vehicles which do not comply with the standard State contract terms/conditions and vehicle specifications.
- E. Vehicles and/or equipment defects/problems, whether in warranty or not, should be called to the immediate attention of the vendor and MDOT.
- F. State contracts may not be used as a price umbrella or mechanism to manipulate price. Attempts to manipulate price are detrimental to the integrity of the State Vehicle Purchasing Program and are in violation of sound purchasing practices.
- G. When the transit agency receives an executed MDOT project authorization/local contract with the link to the procurement packet, they may proceed with the purchase of vehicles through the State Vehicle Contracts and Procurement Program.
- H. The eligible costs in the MDOT project authorization/local contract includes the total cost of the vehicle and documented administrative expenses (inspection costs, costs associated with the billing/vendor payment process, etc.) attributed to the purchase of the vehicle(s). These administrative expenses may be up to one percent of the total cost of each vehicle.
- I. The transit agency will be responsible for paying any additional cost for the vehicle(s) in excess of the eligible costs in the MDOT project authorization/local contract. The transit agency is not entitled to excess funds from the contract when the cost is less than the MDOT project authorization/local contract amount.

- J. MDOT project authorization /local contract amendments and/or budget adjustments must be requested in writing to your MDOT project manager.
- K. Nonurban and urban transit agencies that are not self-certified shall designate the State of Michigan Department of Transportation; Office of Passenger Transportation (OPT); 425 W. Ottawa; Lansing, Michigan, 48909, as the “First-Secured Party” on all vehicles purchased from state administered grants.
- L. Certain vehicle equipment options are available based on Kelly Blue Book invoice prices. These equipment options qualify for 100% reimbursement from state/federal funding. The Kelly Blue Book invoice prices only apply to standard cars, trucks, vans, and SUV’s and not MDOT specified buses and mobility vans. The costs for additional vehicle equipment options that are not listed on the “New Vehicle Order Forms”, purchased outside of the State Vehicle Purchasing Program contract or Kelly Blue Book prices are not eligible for state/federal reimbursement. Local funds may be used to purchase these additional options; however, local procurement requirements should be followed.
- M. Transit agencies should use caution when making specification changes as it can affect prices, product quality, or even be considered a cardinal change. All these reasons can cause the procurement to no longer be competitive and/or federally compliant. Please see separate document titled *Guidelines for Rolling Stock Contract Specifications* as this has more information on contract changes and the required *Vehicle Purchase Specification Certification* form.

III. Eligibility

All transit agencies that receive state administered grants are eligible to purchase off the State Vehicle Purchasing Program. **Only items purchased with 100% local funds are eligible for the State Vehicle Purchasing Program bid by DTMB.** Membership requirements and related fees for this program have been waived for vehicle procurement only. A link to the *Authorized Michigan Transit Agencies for Purchase on State Vehicle Purchase Program* directory is listed in section VII. Contact your MDOT project manager if your agency is not listed in this directory.

Ford Fleet Identification Number (FIN): Ford Motor Company requires government entities to obtain a FIN code in order to qualify for a special government rate when purchasing a Ford fleet vehicle (car, van, bus, truck, etc.). This FIN code is good for the life of the transit agency or government entity. To apply for a FIN code or verify if your agency has one, please contact Ford Fleet at 1-800-34-FLEET. A memo is attached, to this document, to provide authorization on obtaining a FIN code.

IV. Procedure

- A. Transit agencies desiring to purchase via the State Vehicle Purchasing Program will indicate their intent on their annual application and/or during the vehicle verification process. Written authorization to proceed with the purchase will be mailed with the MDOT project authorization/local contract.
- B. If a transit agency decides to purchase vehicles locally after the annual application and vehicle verification process, they must request in writing, to their **MDOT project manager prior to the procurement**. This request should include the following:
 - 1. The type of vehicle(s) including size and options.
 - 2. The state/local contract number and estimated price.
 - 3. If a procurement agent, other than the requesting transit agency purchases the vehicle(s), their name, address, and telephone number must be provided.
- C. **MDOT project manager** reviews the request. If approved, **MDOT project manager** will provide the transit agency with an authorization letter to procure the vehicle(s) and a link to the *Guidelines for Local Vehicle Purchase for State Administered Grants*. The transit agency will proceed with the procurement following these local purchase guidelines. Failure to obtain approval for a local procurement may make the purchase ineligible for reimbursement.
- D. Upon receipt of written MDOT authorization letter, the transit agency may order the vehicle from the vendor using a *New Vehicle Order* form and the *Vehicle Purchase Specification Certification* form.
- E. MDOT will provide periodic onsite vehicle inspections, at the manufacturing facility, throughout the life of each vehicle contract to assure compliance with state specifications. Transit agencies also have the option of performing an onsite inspection of their vehicle(s) at the plant during the manufacturing process. This onsite inspection should be arranged through the vendor.
- F. Transit agencies will be responsible for final inspection and acceptance of the vehicle(s). The final inspection and acceptance can be performed by the transit agency or a contracted inspector hired by the transit agency. Transit agencies should not accept vehicles which do not comply with the standard State contract terms/conditions and vehicle specifications. The transit agency and vendor will mutually agree on the final inspection site. However, the final inspection of vehicles should occur in Michigan.
- G. Post-delivery audit shall be completed utilizing attachments A-7 – A-12 if over \$100,000. The threshold is changing for new grants executed after December 26, 2014, to \$150,000.
- H. Prior to requesting payment, transit agencies must enter the vehicle(s) into the agency's PTMS inventory.

- I. After acceptance of the vehicle(s), the transit agency will forward required documentation to their **MDOT project manager** requesting payment. Please see section VI “State Vehicle Purchasing Program Checklist” and under “Payment Request” for required documentation.
- J. **PAYMENT NOTE:** All contract payments will continue to be made 30 days from the date MDOT receives the transit agency invoice. If purchasing vehicles using the State Vehicle Purchasing Program, send MDOT a request for payment and all required documentation, including the vendor’s vehicle acceptance form. This form acknowledges the receipt and acceptance of the vehicle(s). MDOT will pay the invoice within 30 days of the date the vehicle(s) was accepted by the transit agency, if the invoice and all other required documentation is received by MDOT within five (5) calendar days of the date the vehicle(s) was accepted. This exception to the 30 days will only be used for vehicle purchases using the State purchasing program.

V. Kelly Blue Book Procedures (standard cars, trucks, vans, and SUV's only):

1. Contact your MDOT Project Manager for applicability.
2. Visit Kelley Blue Book's website at <http://www.kbb.com>.
3. Search for the specific vehicle you are purchasing.
4. Select the "price with options" under the "pricing" menu.

The screenshot shows the Kelley Blue Book website interface. The navigation bar includes links like Home, New Cars, Certified Pre-Owned, Used Cars, Research, Reviews & News, Dealers & Inventory, Used Cars For Sale, and Loans & Insurance. The main content area displays the vehicle details for a 2011 Ford E350 Super Duty Passenger 3-door XL Extended Van. On the left sidebar, under the 'Pricing' section, the 'Price with Options' link is circled in red. The main content area shows a table with columns for Fair Purchase Price, Invoice, and MSRP.

	Fair Purchase Price	Invoice	MSRP
	33,874.00 (price will update)	31,862.00	34,565.00

5. Find the equipment option you need and look up the invoice price.

The screenshot shows the Kelley Blue Book website interface for the same vehicle. The 'Price with Options' link is selected, and the 'Equipment' section is expanded. The 'Invoice' price for the 'Glass, Privacy' option is circled in red.

	Fair Purchase Price	Invoice	MSRP
	34,324.00 (price will update)	32,244.00	35,025.00

Option	Invoice	MSRP
924 Glass, Privacy	382.00	460.00

6. Enter the quantity, item description, and invoice price on the vehicle order form. The form will automatically calculate the total costs.
7. Print a copy of the Kelly Blue Book price with options list and attach it to the order form.
8. **DO NOT accept any optional equipment prices higher than the Kelly Blue Book invoice price.**

Sample OEM Equipment Options Available for Reimbursement

- Engine Block Heaters
- Upgraded Alternators
- Upgraded and Auxiliary Batteries
- CNG/LPG Preparation Packages
- Axle Ratio Changes
- Daytime Running Lights
- OEM Floor Mats
- Powered and/or Heated Mirrors
- Privacy Glass/Tinted Windows
- Power Windows
- Power Locks/Keyless Entry
- OEM Running Boards
- Snow Plow Preparation Packages (snow plow blades not included)
- Auxiliary Heaters
- Mobility/Transit Preparation Packages

Sample OEM Equipment Options Not Available for Reimbursement

- XM/Sirius Satellite Radio
- Radio/Stereo Upgrades
- Trailer Towing Packages on Transit Vans
- Navigation Systems

Please consult with your project manager for items not included on these lists.

VI. State Vehicle Purchasing Program Checklist

	A	Purchase
<input type="checkbox"/>	1.	Fully executed MDOT project authorization/local contract along with authorization letter to purchase vehicles.
<input type="checkbox"/>	2.	Issue a <i>New Vehicle Order Form</i> for the vehicle(s) to the vendor.
<input type="checkbox"/>	3.	Issue a <i>Vehicle Purchase Specification Certification</i> form to the vendor.
	B	Vehicle Delivery and Acceptance
<input type="checkbox"/>	1.	Vendor notifies the transit agency that the vehicle is ready for delivery. The transit agency and vendor agree on new vehicle delivery site (may be at the transit agency, vendor's facility or any other mutually agreeable site).
<input type="checkbox"/>	2.	Transit agency performs Post Delivery Audit (Final Inspection) which includes: Vehicle Inspection/Road Test Checklist. Inspection Write-up.
<input type="checkbox"/>	3.	If applicable, Completed Buy American Post-delivery audit checklist, certifications and worksheets (Attachments A-7 through A-12), and receive Post-delivery FMVSS certificate from vendor
<input type="checkbox"/>	4.	If the vehicle(s) is acceptable, sign vendor's vehicle acceptance form OR.
<input type="checkbox"/>	5.	If vehicle(s) is <u>NOT</u> acceptable send vehicle back to vendor for repair of deficiencies. DO NOT SIGN THE ACCEPTANCE FORM.
<input type="checkbox"/>	6.	Enter vehicle(s) into transit agency's PTMS inventory.
	C	Payment Request - Nonurban and urban transit agencies that receive federal funds from MDOT must submit the following documents to MDOT project manager requesting payment:
<input type="checkbox"/>	1.	A cover letter requesting reimbursement for any eligible project costs. The cover letter shall include the agreement and project authorization numbers, the payment request number, identification of the payment as a partial payment or a final payment, the amount to be reimbursed, a statement that the vehicle was purchased off the State Vehicle Purchasing Program including the State vehicle contract number, and if applicable, the third-party contract number. If the request is for reimbursement for (a) replacement vehicle(s), the transit agency shall include in the cover letter the identification number(s) of the vehicle(s) to be replaced.
<input type="checkbox"/>	2.	Copy of the vendor's invoice. The vendor's invoice shall have sufficient detail and include: <u>State Contract (eligible for reimbursement)</u> <ul style="list-style-type: none"> Quantity of vehicles, vehicle information/seating (ie. 11+1 passenger with front passive lift)/unit cost, and equipment options. State contract options quantity/description/unit cost. <u>Additional options not included in state contract (not eligible for reimbursement)</u> <ul style="list-style-type: none"> Quantity/description/unit cost.
<input type="checkbox"/>	3.	Copy of completed MDOT <i>New Vehicle Order Form</i> .
<input type="checkbox"/>	4.	If applicable, <i>Kelly Blue Book</i> "price with options list", from http://www.kbb.com , that displays equipment options with invoice prices.
<input type="checkbox"/>	5.	Copy of the vendor's vehicle acceptance form. This form acknowledges the transit agency's receipt and acceptance of the vehicle(s).
<input type="checkbox"/>	6.	Copy of the application for Michigan Title (Form RD108 or TR-11L) processed by the Secretary of State showing MDOT as first-secured party or copy of vehicle title.
<input type="checkbox"/>	7.	Completed Post-delivery audit (Final Inspection) worksheets. Bus Inspection/Road Test Checklist and Inspection Write-up.

<input type="checkbox"/>	8.	If applicable, Completed Buy America Pre-delivery (Attachments A-2 through A-6, from MDOT's contract website) & Post-delivery audit checklist, certifications and worksheets (Attachments A-7 through A-12, from MDOT's contract website)
<input type="checkbox"/>	9.	Pre-delivery & Post-delivery FMVSS certification from vendor
<input type="checkbox"/>	10.	Completed <i>Vehicle Purchase Specification Certification</i> form
<input type="checkbox"/>	11.	Receive payment from MDOT and pay vendor for the vehicle(s).
	D	Payment Request - Urban transit agencies that receive federal funds directly from FTA must submit the following documents to their MDOT project manager requesting payment:
<input type="checkbox"/>	1.	A cover letter requesting reimbursement for any eligible project costs. The cover letter shall include the agreement and project authorization numbers, the payment request number, identification of the payment as a partial payment or a final payment, the amount to be reimbursed, a statement that the vehicle was purchased off the State Vehicle Purchasing Program including the State vehicle contract number, and if applicable, the third-party contract number. If the request is for reimbursement for (a) replacement vehicle(s), the transit agency shall include in the cover letter the identification number(s) of the vehicle(s) to be replaced.
<input type="checkbox"/>	2.	Copy of the vendor's invoice. The vendor's invoice shall have sufficient detail and include: <u>State Contract (eligible for reimbursement)</u> <ul style="list-style-type: none"> Quantity of vehicles, vehicle information/seating (ie. 11+1 passenger with front passive lift)/unit cost, and equipment options. State contract options quantity/description/unit cost. <u>Additional options not included in state contract (not eligible for reimbursement)</u> <ul style="list-style-type: none"> Quantity/description/unit cost.
<input type="checkbox"/>	3.	Copy of completed MDOT <i>New Vehicle Order Form</i>
<input type="checkbox"/>	4.	If applicable, <i>Kelly Blue Book</i> "price with options list", from http://www.kbb.com , that displays equipment options with invoice prices.
<input type="checkbox"/>	5.	Copy of application for Michigan Title (Form RD108 or TR-11L) processed by the Secretary of State or copy of vehicle title.
<input type="checkbox"/>	6.	Receive payment from MDOT and pay vendor for the vehicle(s).

VII. Authorized Michigan Transit Agency Directory

The following is a link to the *Authorized Michigan Transit Agencies for Purchase on State of Michigan State Vehicle Purchasing Program*:

http://www.michigan.gov/mdot/0,1607,7-151-9625_21607-34189--,00.html

January 28, 2010

MEMORANDUM

RE: MDOT Authorized Entities and State of Michigan – MIDEAL Vehicle Contracts

This serves as formal authorization from the State of Michigan, Department of Management and Budget, Purchasing Operations, for selected entities (see link below) who are eligible to purchase from State of Michigan, MiDEAL vehicle/bus contracts. These entities are approved by the Michigan Department of Transportation (MDOT) and are listed in the Guidelines for MiDEAL Federal Grant Purchasing Program. Approved entities are listed on the MDOT website included below. This website is updated as entities are approved by MDOT. Please refer to this website to verify eligible participants.

http://www.michigan.gov/mdot/0,1607,7-151-9625_21607-34189--,00.html

For a list of vehicle/bus contracts that these entities are authorized to purchase from, please refer to the website link below.

<http://www.michigan.gov/localgov/0,1607,7-194--213244--,00.html>

MDOT Authorized Entities must first contact Ford Fleet at 1-800-34-FLEET to submit an application for a Ford Government FIN (Fleet Identification Number) Code (referencing their eligibility under the MiDeal Program) prior to contacting a Ford Dealership. Typically, these applications are processed by Ford Fleet within two working days.

If you have any questions or need clarification regarding this correspondence, please contact Mary Hanes at (517) 335-4364 or via e-mail at HanesM@michigan.gov

Sincerely,

Laura L. Gyorkos
Buyer Specialist, CPPB
DMB, Purchasing Operations